

**James Alexander Hamilton to Andrew Jackson,
February 28, 1833, from Correspondence of Andrew
Jackson. Edited by John Spencer Bassett.**

COLONEL JAMES A. HAMILTON TO JACKSON.

Private

New York, February 28, 1833.

My dear Sir, I had the pleasure yesterday to address a letter to you from which I inadvertently omitted the subject of this letter.

I am informed by a Gentleman whose knowledge of the views of the US Bank is only second to that of its President (and I therefore repeat it to you with the assurance that you may rely upon it) That the Bank counts upon being rechartered. Its purpose is for the next two years to fortify itself beyond all hazard by calling in its responsibilities gradually, to an amount at which they will be entirely manageable, and also by securing its debts. This operation will be performed under the avowed Idea that it is necessary and preliminary to winding up its concerns. The State Banks old and New and particularly the latter it is believed will consequently extend their discounts. The US Bank will employ a part of its means in purchasing exchange and otherwise securing a large credit in London, And at a proper time, about the expiration of the Period referred to, it will by withholding bills and by other means within its Power cause exchange to advance so as to Cause the exportation of specie and thus occasion a run upon all the Monied Institutions. This it will be prepared for; And the affairs of the State Banks will consequently be so deranged as to compel them to stop Specie Payments. The immense injury to the whole nation resulting from that event it is beleived and not without foundation will induce a strong public feeling in favor

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of a recharter of the Bank as the only means of restoring a sound Currency and that will be pressed by the friends and retainers of the Bank upon a new Congress and upon your Successor with a force that they hope he will be unable to resist. The P[ro]ject is feaseable and must if attempted whether successful or not be productive of infinite mischief because by it the whole monetary system of the Country will be deranged.

The first state of things resulting from this attempt and the multiplication of State Banks which is going to an unequalled extent, will be, that Money will be abundant, that is to say that discounts will be freely made and that from those facilities prices will rise and there will be *excessive* overtrading. The reduction of the Tariff will cooperate with the other circumstances to induce this excess . The next state of things is the reaction which will not be far removed from its cause and is as certain as fate. *It* will be pushed by the U.S. Bank to the consequences and for the end to which I have referred.

Having as I hope you have settled the Southern difficulties, this subject seems to me to come next in order for consideration as it is in Consequence. The Serpent is scotched and Killed. It has power as long at it can winde and move its unmeasurable length along. Its exertions will be violent because it is a struggle for existance in which there will be no regard paid to the *inter[e]sts* of the Country which gave it life and should *these* be seriously involved the reputation of your administrations now so generally conceded to be brilliant beyond all former example may not escape unquestioned. Should I hear any thing more or should any new thoughts occur to me I will write to you without reserve.

With the truest attachment